

Report braces Montgomery council for belt-tightening ahead

Changes to be determined

by Margie Hyslop | Staff Writer

Montgomery County is saddled with costs that are resistant to change, according to a 10-year spending analysis that the County Council begins considering this week.

But with average annual revenue growth for the county forecast to be just 3 percent for the next three years — half the growth rate of the past decade — change it must, council leaders said Monday.

And debt has grown. Debt service payments rose 47 percent in 10 years, the report found.

Because "steadily rising costs of the County's legal and policy commitments ... are projected to exceed the growth of in anticipated revenues for the foreseeable future ... the county must consider reforms that either raise more revenue or lower the projected cost curves associated with ongoing government operations and future promises," said the report from the county's Office of Legislative Oversight, according to an excerpt provided by council staff.

With personnel costs now accounting for 82 percent of all tax-supported spending and the county spending 52 cents in benefits for every dollar it spends in salary, rising health care and pension and retirement costs are driving a persistent imbalance, the report said.

There will be pressure to raise taxes, but "I don't see that happening this year," said council President Nancy M. Floreen (D-At large) of Garrett Park.

Council Vice President Valerie Ervin said, "We can't continue to balance the budget the way we have [with across-the-board cuts] and still provide services."

The report found that the primary driver behind a 64 percent increase in county personnel costs over 10 years was not the size of the work force, which increased 10 percent, but increases in costs per employee. Since 2001, the average county employee salary increased 50 percent, while the cost of benefits increased more than 120 percent, according to an executive summary of the report provided Monday.

The report, ordered by the council, is a "message to the executive branch and county employee unions ...that somewhere there has to be a balance met," said Ervin (D-Dist. 5) of Silver Spring, who, as vice president, is expected to become council president next month.

"It's good they are paying attention to it now; we were there before it was fashionable," said county spokesman Patrick K. Lacefield.

The findings "set the stage for bargaining [with employee unions] going on now" and for budget deliberations that begin soon after the next council, including two new members, is sworn in Dec. 6, Floreen said.

County Executive Isiah Leggett (D), not the council, negotiates with employee unions, Floreen noted. Asked about the possibility of layoffs, Floreen said clues to that could be in Leggett's next savings plan, expected in early December.

The budget gap that must be closed next year could be about \$200 million, according to administration estimates.

Increased spending possible for next year was projected to be about \$4 million more than this year, with about \$2 million going to schools. But the increased available revenue projection came before voters defeated an ambulance fee proposed by Leggett that was expected to raise \$14 million in the coming year. New projections expected soon, might foresee less extra revenue, council staff director Stephen Farber said.

The biggest challenge, Floreen said, is meeting the monetary needs of the school system, which accounts for 57 percent of the county's tax-supported spending. And the County Council and county executive have little control over schools' spending.

While the entire county work force grew 10 percent, Montgomery County Public Schools' work force grew 14 percent, well ahead of a 6 percent growth in enrollment. Montgomery College's work force growth of 30 percent more closely matched the college's 32 percent enrollment climb.

The second part of the OLO report, to be presented Dec. 7 after the new council members are sworn in, will outline options for closing the budget gap.